

Message Text

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12

ORIGIN AID-30

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FM SECSTATE WASHDC

TO AMEMBASSY AMMAN

C O N F I D E N T I A L STATE 067860

AIDAC

E. O. 11652: GDS

SUBJ: CY 1973 BUDGET SUPPORT

1. WE BELIEVE THAT IT IS DESIRABLE TO RENEW THE EXCHANGE OF LETTERS REGARDING BUDGET MANAGEMENT AND RESOURCE ALLOCATION, ESPECIALLY SINCE ECONOMIC AID IS PROVIDED ON CASH GRANT BASIS WITH NO OTHER DIRECT RELATIONSHIP TO GOJ SPENDING AS IN OTHER A. I. D. PROGRAMS.

2. EVEN THOUGH THE GOJ CARRIED OVER INTO CY 1973 A NUMBER OF UNDISBURSED OBLIGATIONS, REPORTED BUDGET SPENDING IN CY 1972 WAS WITHIN THE LEVEL SET OUT IN THE APPROVED BUDGET AND IN OUR EXCHANGE OF LETTERS. WHILE THE EXTENT TO WHICH OUR UNDERSTANDING WITH THE GOJ SERVED TO RESTRAIN SPENDING CANNOT, OF COURSE, BE ASSESSED WITH PRECISION, WE FEEL IT DID SERVE AS A USEFUL REFERENCE FOR THE BUDGET MANAGERS WITHIN THE GOJ. FURTHERMORE, WE ALSO BELIEVE THAT THIS UNDERSTANDING IS IMPORTANT IN COUNTERING THE VIEW THAT OUR AID IS A ONE- SIDED, OPEN- ENDED PROPOSITION.

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3. THUS, WE BELIEVE THAT IT IS IMPORTANT TO REACH A SIMILAR UNDERSTANDING FOR CY 1973 AS A BASIS FOR OUR PLEDGE OF BUDGET SUPPORT, AND REQUEST THAT YOU SUBMIT TO THE GOJ THE FOLLOWING LETTER WHICH CONFORMS VERY CLOSELY TO THE WORDING OF LAST YEAR'S UNDERSTANDING:

QUOTE I AM PLEASED TO CONFIRM MY GOVERNMENT'S EARLIER NOTICE THAT WE PLAN TO SEEK A TOTAL OF DOLS 55 MILLION TO SUPPORT YOUR BUDGETARY REQUIREMENTS FOR CALENDAR YEAR 1973. THE DOLS 10 MILLION GRANTED TO YOUR GOVERNMENT UNDER OUR AGREEMENT OF FEBRUARY 24, 1973, CONSTITUTES THE FIRST TRANCHE OF THAT DOLS 55 MILLION. SUBJECT TO CONGRESSIONAL APPROPRIATION, WE PLAN TO MAKE THE BALANCE OF DOLS 45 MILLION AVAILABLE IN A SERIES OF SCHEDULED TRANSFERS DURING THE REMAINDER OF CALENDAR YEAR 1973, WITH THE UNDERSTANDING THAT YOUR GOVERNMENT WILL HOLD EXPENDITURES, INCLUDING THOSE FOR MILITARY REQUIREMENTS, AT THE LEVELS FOR CALENDAR YEAR 1973 PROPOSED IN THE BUDGET AS APPROVED BY THE PARLIAMENT.

QUOTE IT IS ALSO UNDERSTOOD THAT YOUR GOVERNMENT WILL APPLY TO BUDGETED EXPENDITURES ANY FURTHER REVENUES, SUCH AS AID FROM OTHER DONORS, BEYOND THOSE ANTICIPATED IN THE BUDGET AS APPROVED BY THE PARLIAMENT AND WILL BORROW AS NECESSARY TO COVER ANY REMAINING DEFICIT.

QUOTE WE UNDERSTAND THAT UNFORESEEN SECURITY REQUIREMENTS MIGHT MAKE IT IMPOSSIBLE FOR YOUR GOVERNMENT TO MEET THE ABOVE UNDERSTANDING AND WE WILL BE PLEASED TO CONSULT WITH YOUR GOVERNMENT SHOULD THESE OCCUR. HOWEVER, WE KNOW THAT YOU SHARE OUR CONCERN THAT STRENUOUS BUDGETARY CONSTRAINTS MUST BE EXERTED TO PREVENT THE BASIC IMBALANCE IN JORDANIAN REVENUES AND EXPENDITURES FROM INCREASING.

QUOTE I WOULD WELCOME A REPLY INDICATING THE ACCEPTANCE OF YOUR GOVERNMENT OF THE UNDERSTANDING ON WHICH OUR UNDERTAKING OF FURTHER BUDGETARY SUPPORT IS BASED. UNQUOTE.

4. WHILE WE CONSIDER AN UNDERSTANDING ALONG ABOVE LINES IMPORTANT IN TERMS OF CONGRESSIONAL RELATIONS, WE WOULD WELCOME MISSION'S COMMENTS AND SUGGESTIONS RE POSSIBLE ALTERNATIVE WAYS OF ACCOMPLISHING SAME OBJECTIVE IF ABOVE
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POSES SERIOUS PROBLEMS FOR MISSION. ROGERS

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*** Current Handling Restrictions *** n/a

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